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Message Text

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17
ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

IO-10 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 NEA-09 /109 W
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R 181704Z MAR 75
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 2430
INFO AMEMBASSY KINSHASA

C O N F I D E N T I A L BRUSSELS 2383

E.O. 11652: GDS
TAGS: PFOR, BE, CG
SUBJECT: ZAIRIAN ECONOMY; BELGIAN-ZAIRIAN RELATIONS

1. SUMMARY. BELGIAN OFFICIALS REVIEWED ZAIRIAN ECONOMIC SITUATION AND BELGIAN-ZAIRIAN RELATION WITH AF/C DIRECTOR CUTLER MARCH 17. ACCORDING TO BELGIAN, MOBUTU HOPES TO SOLVE FINANCIAL PROBLEMS WITOUT DIRECT IMF INTERVENTION, POSSIBLY BY SEEKING LOAN FROM ARABS. BELGIUM AT PRESENT HAS NO EFFECTIVE DIALOGUE WITH ZAIRE ON AID OR COMPENSATION FOR NATIONALIZED PROPERTIES. SOME BELGIAN PROPETIES NATIONALIZED ALTHOUGH COVERED BY INVESTMENT CODE. GOB IS GRANTING ADDITIONAL 300 MILLION BF IN GUARANTEE COVERAGE FOR EXPORTS TO ZAIRE. PRIME MINISTER TINDEMANS RECENTLY MET WITH BISENGIMANA WITH LITTLE RESULT. GOZ HAS INDICATED IT DESIRES BELGIAN AMBASSADOR'S RECALL. END SUMMARY.

2. AF/C COUNTRY DIRECTOR CUTLER MET WITH FOREIGN MINISTRY OFFICIALS LEBRUN, JAENEN, AND RAHIR (AFRICA DIRECTOR AND DESK OFFICERS FOR FORMER BELGIAN TERRITORIES AND SUB-SAHARA AFRICA, RESP-ECTIVELY) FOR GENERAL DISCUSSION ON ZAIRE MARCH 17. CUTLER REVIEWED IMPRESSIONS GAINED ON AFRICA TRIP JUST COMPLETED AND US VIEW OF ZAIRIAN ECONOMIC SITUATION. PRESENATION BY
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LEBRUN INCLUDED FOLLOWING POINTS OF INTEREST.

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3. IN MEETING WITH DINI OF IMF, PRESIDENT MOBUTU REPORTEDLY PRESENTED OWN PLAN FOR EMERGING FROM FINANCIAL CRISIS WITHOUT ASKING FOR DIRECT IMF INTERVENTION.. PLAN APPARENTLY INVOLVES SEEKING LOAN FROM ARABS.

4. GOZ HAS NATIONALIZED SOME BELGIAN ENTERPRISES COVERED BY 1969 INVESTMENT CODE. THESE INCLUDE BRALIMA BREWERY AT MBANDAKA, WHICH WAS ESTABLISHED UNDER 1969 CODE BUT WAS NATIONALIZED BECAUSE IT BELONGED TO PARENT FIRM IN KINSHASA, AND SMALL FOOD PROCESSING PLANT CALLED ANZIMAZ (PHONETIC). BELGIAN ENTERPRIESES AE AUTOMATICALLY SUBJECT TO EXPROPRIATION IF THEY WERE SET UP WITH HELP OF COLONIAL CREDIT FUNDS (CREDIT AU COLONAT) OR INVOLVE REINVESTMENT OF ANY PROFITS EARNED IN ZAIRE.) BELGIAN FOREIGN MINISTRY HAS ABOUT 500 DOSSIERS ON EXPROPRIATED BELGIAN PROPERTIES. REPRESENTING CLAIMS OF ABOUT 22 MILLION BF. MORE CLAIMS ARE EXPECTED. AT MUNICH MEETING WITH PRIME MINISTER LEBURTON IN FEBRUARY 1974, MOBUTU ASKED FOR YEAR OF GRACE BEFORE BEGINNING COMPENSATION FOR NATIONALIZED PROPERTIES. BELGIANS AGREED, BUT YEAR HAS NOW EXPIRED WITH NO SIGN OF ZAIRIAN INTEREST IN SERIOUS DISCUSSIONS ON COMPENSATION. ZAIRIANS ALSO WERE TO INDICATE THEIR PRIORITIES FOR BELGIAN AID. THEY HAVE NOT DONE SO AND BELGIANS ARE EXAMINING QUESTION N THEIR OWN. BELGIANS ARE WITHOUT ZAIRIAN INTERLOCUTOR AT WORKING LEVEL WITH WHOM TO ENGAGE IN TALKS ON AID OR COMPENSATION. LEBRUN DID NOT ANTICIPATE, HOWEVER, THAT LACK OF PROGRESS ON COMPENSATION WOULD JEOPARIZE BELGIAN AID.

5. OFFICE NATIONAL DU DUCROIRE (BELGIAN EXPORT GUARANTEE AGENCY) HAS AGREED TO RAISE CEILING ON GUARANTEES FOR ZAIRE BY 300 MILLION BF FOR SHORT TERM COVERAGE OF EXPORTS VITAL TO ZAIRE (E.G., FOOD AND PHARMACEUTICALS). NORMAL CEILING OF 15 BILLION BF FOR ZAIRE ALREADY REACHED. NEW 300 MILLION BF TRANCHE WILL BE GUARANTEED BY GOB TO DUCROIRE.

6. BELGIAN AMBASSADOR KERREMANS IS BEING GENERALLY BOYCOTTED BY ZAIRIAN OFFICIALS IN KINSHASA. IN PAST WEEK, HOWEVER, HE WAS CONVOKED BY COMMISSIONER FOR FOREIGN AFFAIRS BULU THREE TIMES. ONE ONE OCCASSION BULA SUGGESTED TO KERREMANS THAT HE RECOMMEND TO GOB THAT HE BE PERMANENTLY RECALLED BY MARCH 31. BELGIANS CONFIDENTIAL

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ARE NOT YET SURE HOW THEY WILL REACT.

7. PRIME MINISTER TINDEMANS RECENTLY MET WITH DIRECTOR OF ZAIRIAN PRESIDENCY BISENGIMANA AT LATTER'S REQUEST IN LUXEMBOURG. LITTLE RESULTED FROM MEETING SINCE IT WAS NOT CLEAR WHAT BISENGIMANA HAD IN MIND. GOB CABINET MEETING WHICH WAS TO DEAL WITH ZAIRE QUESTION MARCH 7 (KINSHASA 1898) WAS TAKEN UP ALMOST TOTALLY WITH BELGIAN INTERNAL MATTERS. SUBJECT OF ZAIRE WAS CONSIDERED

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AGAIN BRIEFLY BY CABINET MARCH 17 (SEPTEL). FOREIGN MINISTRY
OFFICIALS WERE SCHEDULED TO MEET UNDER DIRECTOR GENERAL
FOR POLITICAL AFFAIRS DAVIGNON AFTERNOON FO MARCH 17 FOR FULL
DISCUSSION OF POSSIBLE RECOMMENDATIONS TO GOB ON POLICY
TOWARD ZAIRE.
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